

A PERSON MAY NOT ACT AS A REINSURANCE BROKER FOR AN AUTHORIZED INSURER WITHOUT A WRITTEN AUTHORIZATION AGREEMENT BETWEEN THE REINSURANCE BROKER AND THE AUTHORIZED INSURER THAT STATES THE RESPONSIBILITIES OF THE PARTIES.

(B) CONTENTS OF AGREEMENT.

THE AUTHORIZATION AGREEMENT REQUIRED BY THIS SECTION SHALL PROVIDE THAT:

(1) ON WRITTEN NOTICE, THE AUTHORIZED INSURER MAY TERMINATE AT ANY TIME THE AUTHORITY OF THE REINSURANCE BROKER TO ACT FOR IT; AND

(2) THE REINSURANCE BROKER SHALL:

(I) RENDER ACCOUNTS TO THE AUTHORIZED INSURER DETAILING ALL MATERIAL TRANSACTIONS, INCLUDING INFORMATION NECESSARY TO SUPPORT THE COMMISSIONS, CHARGES, AND OTHER FEES RECEIVED BY OR OWED TO THE REINSURANCE BROKER;

(II) REMIT ALL FUNDS DUE TO THE AUTHORIZED INSURER WITHIN 30 DAYS AFTER RECEIPT;

(III) HOLD IN A FIDUCIARY CAPACITY IN A QUALIFIED FINANCIAL INSTITUTION ALL FUNDS COLLECTED FOR THE ACCOUNT OF THE AUTHORIZED INSURER;

(IV) KEEP ALL BOOKS, RECORDS, AND ACCOUNTS IN ACCORDANCE WITH § 8-514 OF THIS SUBTITLE;

(V) COMPLY WITH ALL WRITTEN STANDARDS ESTABLISHED BY THE AUTHORIZED INSURER FOR THE CESSION OR RETROCESSION OF ALL RISKS; AND

(VI) DISCLOSE TO THE AUTHORIZED INSURER ANY RELATIONSHIP OF THE REINSURANCE BROKER WITH A REINSURER TO WHICH BUSINESS IS CEDED OR RETROCEDED.

REVISOR'S NOTE: This section formerly was Art. 48A, § 723.

In subsection (a) and the introductory language of subsection (b) of this section, the references to an authorization "agreement" are added for clarity.

In the introductory language of subsection (b)(2) of this section, the reference to a "reinsurance broker" is substituted for the former reference to a "reinsurance intermediary" for accuracy and consistency within this section.

In subsection (b)(2)(ii) of this section, the phrase "of the funds" is deleted as surplusage.

The only other changes are in style.